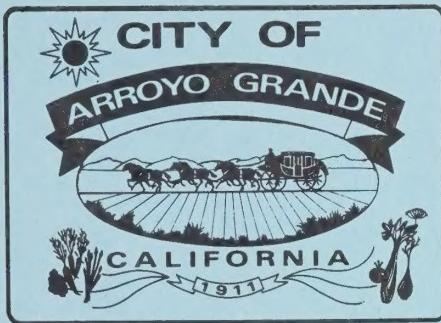


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HOUSING



CITY OF ARROYO GRANDE GENERAL PLAN

1984



CITY OF ARROYO GRANDE
HOUSING ELEMENT
OF THE
GENERAL PLAN

1984 - 1989



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I. INTRODUCTION

Purpose. The Housing Element of the General Plan for the City of Arroyo Grande was prepared in response to the state housing goal as expressed in Article 10.6, Section 65580(a) of the California Government Code.

"The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order." The Legislature further recognizes "that each locality is best capable of determining what efforts are required by it to contribute to the attainment of the state housing goal providing such a determination is compatible with the state housing goal and regional housing needs." (Sec. 65581(c)). The City has therefore sought, in developing this Element, to determine the housing needs of its residents, both current and future and to be mindful of its role in meeting the region's housing needs; to realistically examine the constraints, in both the public arena and the private market, to meeting such needs; to define a policy framework which gives the City direction towards the attainment of its housing goals and objectives; and to create a housing program which can be undertaken over a five year period to implement the City's housing policies.

Background. The character of the City of Arroyo Grande has changed dramatically since the adoption of the last Housing Element in 1975. The most significant change has occurred in the cost of every aspect of housing production, from the price of land to the cost of essential public services, to the interest on the buyer's financing. Housing programs have therefore of necessity come to rely more heavily on creative solutions that emphasize public/private sector coordination. In this light, the recommendations of the 1975 Element, which are essentially policy statements, were examined for their relevance to existing housing problems. There were embodied, where appropriate in the programs of this revised Element.

Public Participation. The primary vehicle for public input into the Housing Element is the review process of the Planning Commission and the City Council. This includes study sessions involving staff and the elected officials, as well as the normal public hearing process.

Relationship of the Housing Element to Other General Plan Elements.

Preparation of the Housing Element was guided by the community's overall goals as expressed in the other elements of Arroyo Grande's General Plan, particularly the Land Use Element. General Plan amendments will be necessary, however, in order to implement some of the programs of the Housing Element. Such changes will be subject to the normal amendment procedure which requires a public hearing. Consistency with the goals and policies of the adopted Housing Element will be of primary consideration at such time as the City undertakes the revision and update of any or all of its other General Plan Elements.

II. POPULATION CHARACTERISTICS

Growth. The population of Arroyo Grande increased by 51% between 1970 and 1980, producing the second highest growth rate for an incorporated municipality within San Luis Obispo County. The County itself experienced high growth (47%) during the same period, reflecting a national trend of migration to rural areas. In-migration, especially from southern California, accounted for approximately 90% of the County's growth in the 1970's.

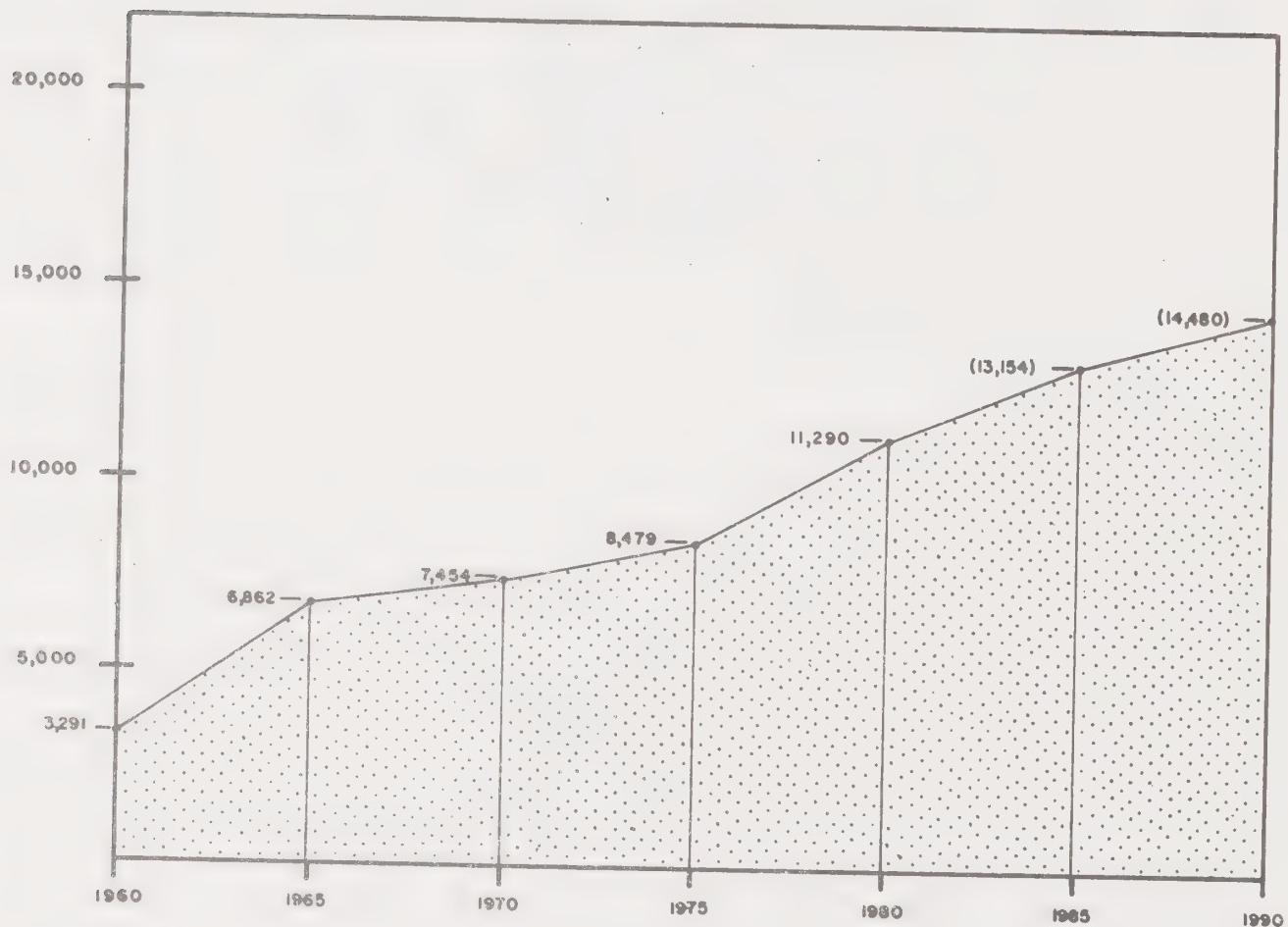
The City of Arroyo Grande has experienced especially high growth rates in part because of its amenities, most notably a Mediterranean-type climate, but also because of growth restrictions in the regional focal community of San Luis Obispo. County planning officials believe the high growth rate of the last decade to be a temporary phenomenon and that the growth rate will slow toward the end of the century.

County population projections reflect federal projections in showing a growth rate of approximately 2.1% between 1985 and 1990. (See Figure 1)

Age Distribution. The age distribution of the City's population has undergone a change since 1960, as seen in Figure 2. It is apparent that the City is becoming a more "adult" community. In 1980, 29% of the population was 55 years of age or older. The median age of the City's population has increased from 32 years in 1970 to 34.4 years in 1980. The projected median age for 1990 is 37 years.

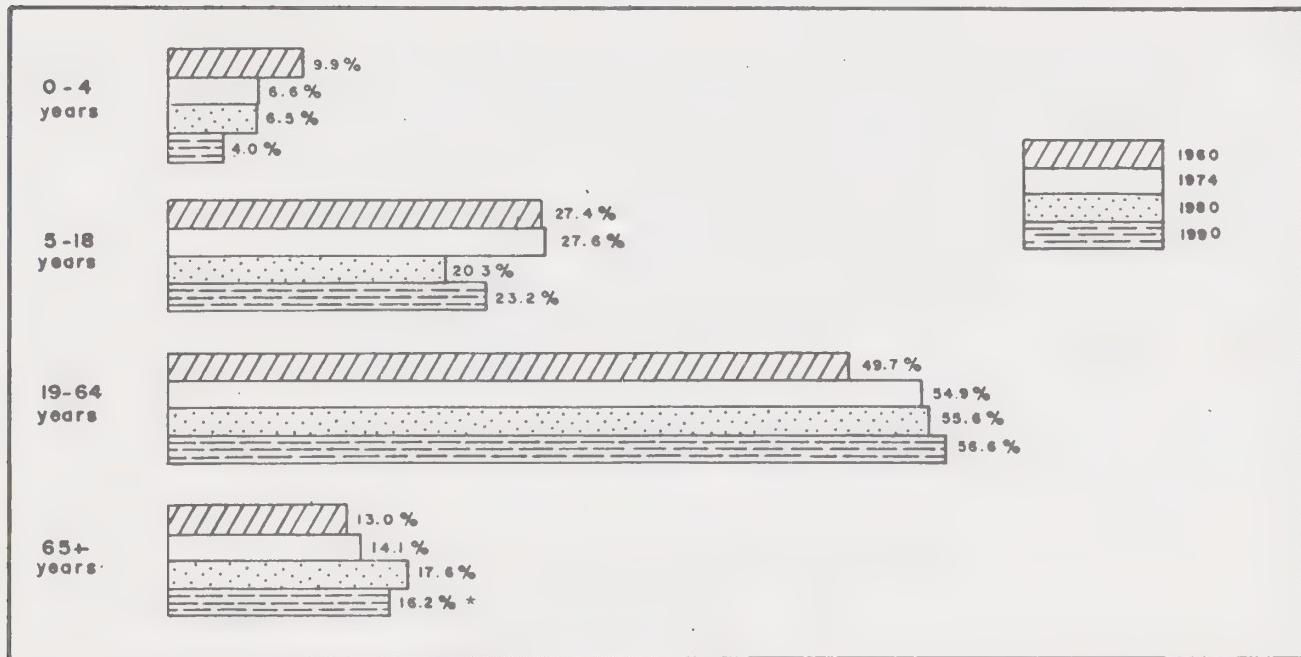
Notwithstanding a trend toward smaller families, a slight increase in the school-age group is likely by the end of the decade as a result of the large post World War II "baby boom" population segment which is now at child-bearing age. The predominance of working-age and elderly groups will continue as a result of the small family trend, aging of the existing population, and the community's popularity for retirement.

FIGURE 1
CITY OF ARROYO GRANDE
POPULATION GROWTH HISTORY AND PROJECTION



Sources: 1970 and 1980 U.S. Census Data; 1974 Special Census; San Luis Obispo County Planning Department Projections.

FIGURE 2
POPULATION AGE DISTRIBUTION, HISTORIC AND PROJECTED



Sources: 1960 and 1980 U.S. Census Data; 1974 Special Census; City of Arroyo Grande 1977 Population Update Report.

- * 1980 Projections were considerably low in the 1977 Report. This report therefore assumes underestimated projections for 1990, especially for the elderly (65+) age group.

Ethnic Distribution. The small percentage of minority population in Arroyo Grande is reflective of San Luis Obispo County as a whole. The racial/ethnic distribution for the City is shown in Figure 3.

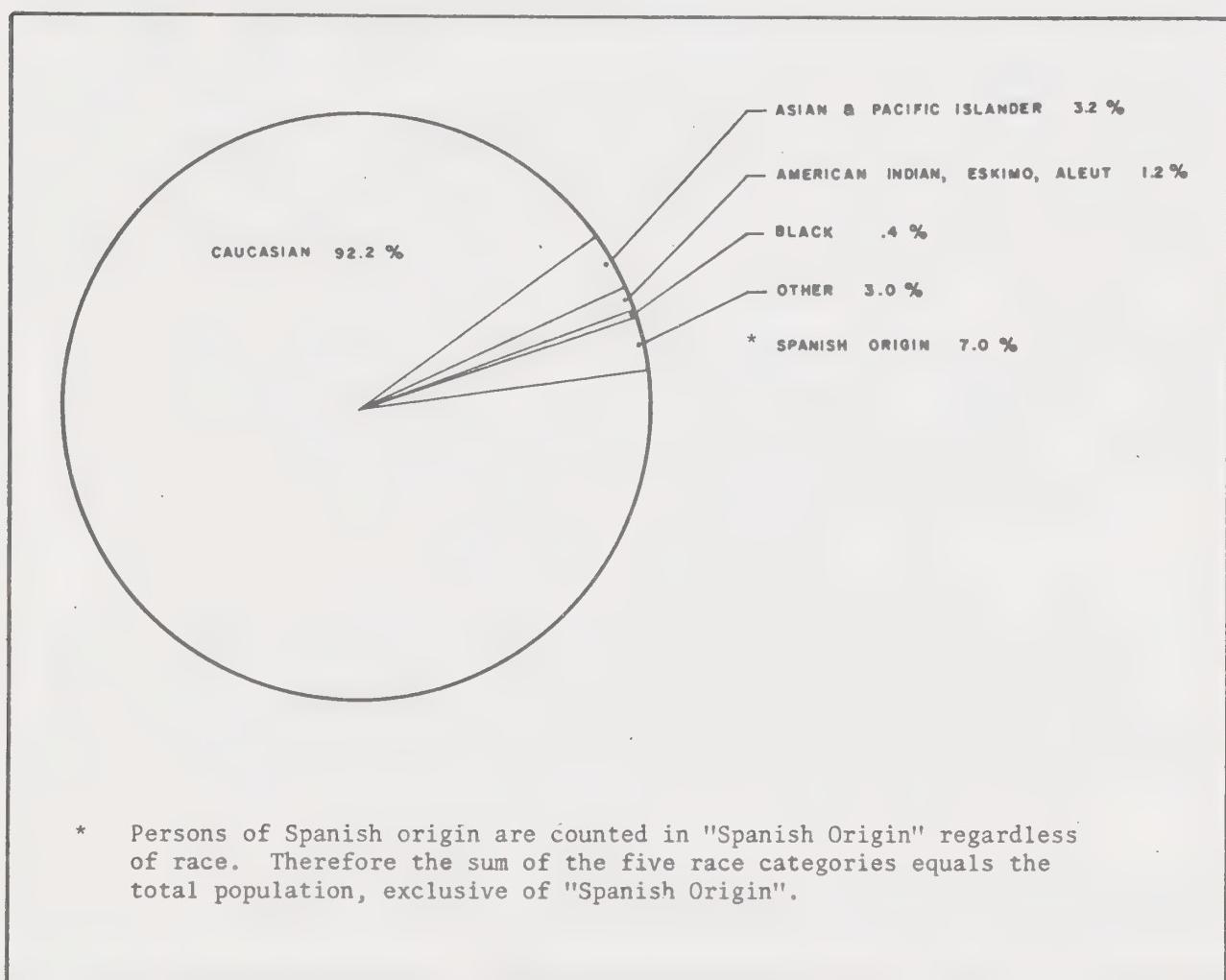
Occupation and Place of Employment. Arroyo Grande is essentially a sub-regional residential community for the 5 Cities Area (South County) and the City of San Luis Obispo. Local employment is primarily retail commercial, construction, education, and government-related. The County's 1982 Housing Element showed 20% of Arroyo Grande's employed heads of household holding jobs in the City of San Luis Obispo.

As previously mentioned, retired persons are increasingly seeking housing in Arroyo Grande. According to the City's 1977 Population Update report, retired persons represented 46.5% of the population.

During the past decade there has been a steady influx of labor to work at the nearby Diablo Canyon Nuclear Power Plant. There were 7,000 workers at the plant in August, 1983. Potential employment opportunities connected with offshore oil activities and the NASA program at Vandenberg Air Force Base may impact the community's housing supply within the next five years. Overall, the availability of housing is increasingly a factor of locational decisions in the south county area.

FIGURE 3

RACIAL AND ETHNIC* DISTRIBUTION OF POPULATION



III. HOUSEHOLD CHARACTERISTICS

Total Households. From 1970 to 1983 the number of housing units increased by 51%, from 2448 to 5011. In 1980 there were 89 dwelling units classified as seasonal or "second" homes. Average household size, which has been steadily decreasing, went from 3.32 persons per dwelling unit in 1966 to 3.04 in 1970 to 2.59 in 1980. The City's 1977 Population Update report predicted a further reduction in household size by 1990 to 2.5 persons per dwelling unit, reflecting the trend toward smaller families and greater numbers of single person households. In 1980 there were 845 single person households in the City, or 19.6% of a total of 4590 households.

Trends in household size are significant because they reflect such changes in population characteristics as:

- a. Families having fewer children
- b. More young adults living on their own
- c. A rising median marriage age
- d. An increasing divorce rate with more residents choosing to live alone
- e. The number of elderly increasing as a percentage of the population

These demographic characteristics in turn have a direct affect on housing demand in terms of housing types as well as number of units.

Overcrowded Conditions. The 1980 Census recorded 138 households, or 3.2% of Arroyo Grande's housing as overcrowded. The Census Bureau defines overcrowding as more than one person per room. This numerical method of measuring adequacy of housing space may overstate the problem, however, as it does not consider individual household space needs, preferences due to choice or custom or development of units with flexible living arrangements such as living space which converts to sleeping space. Furthermore, overcrowding appears to be declining as a household problem due primarily to the reduction in average household size.

Special Population Needs.

Elderly and Handicapped. In 1980, 17.6% of Arroyo Grande's population was 65 years or older. The County has estimated, based on information from the State Department of Rehabilitation, that 15% of the total County population are physically or mentally disabled. The actual number of handicapped persons within the City of Arroyo Grande is unknown.

Not all elderly and handicapped persons are poor, though many have low and/or fixed incomes which may make it difficult for them to compete in the housing market. It is assumed that the high percentage of retired persons in the population accounts for the majority of the community's very low income households. Moreover, housing suitable for elderly and handicapped persons often requires special facilities and is therefore more expensive to build. Inaccessibility forces persons with special needs to compete for housing in a very limited sector of the market.

Large Families. Approximately 400 housing units, or 9% of the total were occupied in 1980 by households of five or more persons. Given the trend toward smaller households and the low percentage of overcrowded units, the problem of overcrowding typically associated with large families is not significant.

Farmworkers. The 1980 Census recorded 119 residents in agricultural related employment, or 2.6% of the employed persons 16 years or older. The number of migrant workers is unknown. While some farm owners within the City have limited farmworker housing available, for most farmworkers live in unincorporated parts of the County.

IV. HOUSING MARKET CHARACTERISTICS

Housing Types. Single family units are the predominant housing type in Arroyo Grande. However, the single family share of the total housing stock has been decreasing in recent years, from 90% in 1970 to 67% in 1983. Figure 4 depicts existing housing by type in 1983: duplexes and triplexes comprise 3%; apartments (4 or more units) and group quarters 15%; condominiums 4%; and mobile homes 11%.

Changes in population characteristics such as family size and age distribution as affected by household income and housing costs, including construction and financing, may indicate a need in the future for a greater number and percentage of multi-family units in the total housing stock. These same factors account for a sharp increase in the number of mobile homes, from 10 (.9%) in 1960 to 547 (11%) in 1983.

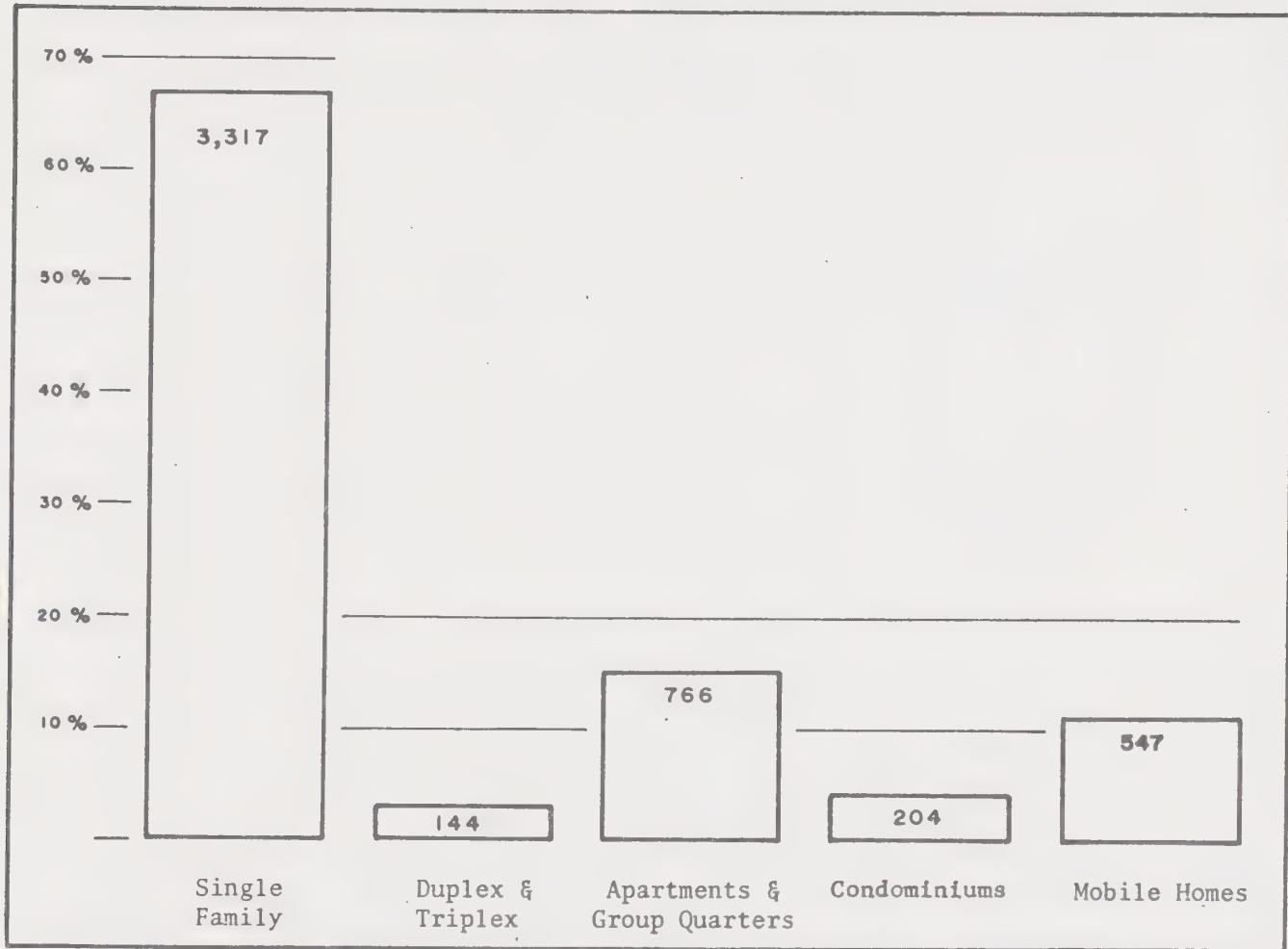
The shift toward more compact housing may be explained by several factors: (1) traditional housing purchase costs escalating above income growth; (2) rising housing development costs favoring the cost reductions of higher densities; (3) trends toward smaller families, an increasing elderly population, and single person households creating less demand for single family detached housing.

Owner-Renter Distribution. The percentage of owner-occupied housing reached a peak of 76% in 1974. The 1980 Census recorded 69% of the City's housing units as owner-occupied and 31% as renter-occupied. While the percentage of owner-occupied housing remains substantially higher, escalating housing costs may push homeownership beyond the affordability of more and more of the City's residents.

No rental units other than duplexes and triplexes have been built in Arroyo Grande since 1979. At present there are approximately 756 apartment units in the City. This amounts to about 14.5% of the City's total housing stock. Of the 128 condominiums reported in the 1980 Census, 15% were rented.

FIGURE 4

DWELLING UNIT TYPES: 1983



Source: Arroyo Grande Water Department Records.

While the rental market may be eased somewhat by the completion of the Diablo Canyon Power Plant, the City nevertheless needs to address an overall shrinking rental supply. Many people will not be able to buy homes even with assistance programs. Others do not wish to own a residence because of personal preference or the short-term nature of their stay in one place. Rental units are the primary housing source for lower income and single person households as well as elderly persons who no longer desire or cannot afford home ownership. For such people, it is important to keep a reasonable number of rental units available.

FIGURE 5
NUMBER OF BUILDING PERMITS ISSUED
1970 - 1983

<u>Year</u>	<u>Single Family</u>	<u>Housing</u>	<u>Units</u>	<u>Net</u>
	<u>Housing Units</u>	<u>(# Units)</u>	<u>Lost</u>	<u>Gain</u>
1970	41	16	3	54
1971	82	40	1	121
1972	62	91	9	144
1973	81	98	3	176
1974	107	94	10	191
1975	190	34	0	224
1976	102	115	6	211
1977	139	63	0	202
1978	116	68	0	184
1979	205	54	4	255
1980	60	67	3	124
1981	47	0	2	45
1982	42	74	0	116
1983	180	0	5	175
	<u>1454</u>	<u>814</u>	<u>46</u>	<u>2222</u>

Source: Arroyo Grande Building Permit Ledger

Vacancy Rate. The housing vacancy rate has been on the decline, dropping from 2.1% in 1970 to 1.8% in 1974. The 1980 Census recorded a vacancy rate of 6%, but this figure was artificially inflated by a 25% vacancy rate in one enumeration district with several unsold units in a new subdivision. The 1980 Census figure for vacant rental units as a percentage of total year-round housing was 1.96%, a total of 90 units.

Figure 6 contains results of a housing vacancy survey conducted between October 16, 1983 and December 21, 1983 by the Federal Home Loan Bank of San Francisco in cooperation with the U.S. Postal Service. The surveys are based on data supplied by individual mail carriers, as they cover their residential delivery routes. All attached housing is reported as multi-family, including owner-occupied condominiums and rental apartments, while all detached housing is reported as single-family, including owner- and renter-occupied homes.

FIGURE 6
HOUSING VACANCY SURVEY, 1983

	USED		NEW		TOTAL		UNDER CONSTRUCTION	
	NO.	%	NO.	%	NO.	%	NO.	%
All Housing Types	251	1.8	185	1.3	436	3.2	81	0.6
Single-Family Units	149	1.6	38	0.4	187	2.0	22	0.2
Multi-Family Units	78	2.5	147	4.7	225	7.1	59	1.9
Mobile Homes	24	1.8						

The survey shows new construction of multiple family units accounting for the majority of vacant units. It should be noted that these units, as well as the used multi-family units are market rate condominiums primarily for owner-occupancy.

Local real estate sources estimate a vacancy rate of less than 1%, with particularly high competition for rental units. Federal Housing Administration standards for vacancy rates which represent an adequate choice in the housing market, are 4-6% for rentals and 1-3% for owner-occupied.

Housing Condition. A windshield survey conducted between October, 1983 and January, 1984 by staff in the City's Planning, Building, and Public Works Departments found 99 percent of the City's housing stock in uniformly sound condition. Approximately 40 units were considered deteriorating. These units are habitable, but contain defects indicating prolonged lack of maintenance. These units are isolated occurrences and primarily absentee landlord-owned structures. Approximately half of these units are converted motel units. They

are almost exclusively located in areas which have been rezoned to other designations, either higher density residential or Highway Service commercial. These units will be replaced by the normal process of redevelopment. A few "run down" units are found in agricultural areas where they provide temporary housing for farm workers. The City does not contain any deteriorating or "run down" neighborhoods. The 1980 Census reported 15 units lacking either full plumbing or full kitchen facilities.

Arroyo Grande's housing stock is relatively new; 86 percent was constructed after 1954; 42 percent is less than 10 years old. The overall good condition of the housing stock can be attributed to its age and to the City's high development standards and conscientious enforcement of building codes. Also, the relative affluence of the City's residents, a strong sense of community pride and the prohibitive cost of new construction all contribute to the willingness of homeowners to invest in rehabilitation and regular maintenance and upkeep.

Income Distribution. In comparison to other California counties, San Luis Obispo ranks relatively low on the scale of affluence. In 1979 San Luis Obispo's median household income ranked 48th of all 58 California counties. Median income for a family of four ranked 30th in 1983 figures from the U.S. Department of Housing and Urban Development (See Figure 7).

According to the 1980 Census, median household income for San Luis Obispo County was \$18,248 and median family income was \$21,541. Median household income for Arroyo Grande was \$16,912 and median family income was \$19,190. Median income for female heads of household was \$9,646; for elderly (65+) heads of household median income (county-wide) was \$13,172. Figure 8 shows the number and percentage of Arroyo Grande households within each income group, as defined by the California Administrative Code. These are based on the County median adjusted for family size.

FIGURE 7
ANNUAL INCOMES BY FAMILY SIZE FOR
SAN LUIS OBISPO COUNTY, APRIL 5, 1983

FAMILY SIZE	1	2	3	4	5	6	7	8
Very Low	\$8,300.00	\$9,500.00	\$10,650.00	\$11,850.00	\$12,800.00	\$13,750.00	\$14,700.00	\$15,650.00
Lower	13,250.00	15,150.00	17,050.00	18,950.00	20,150.00	21,350.00	22,500.00	23,700.00
Median	16,600.00	18,950.00	21,350.00	23,700.00	25,200.00	26,650.00	28,150.00	29,650.00
Moderate	19,900.00	22,750.00	25,600.00	28,450.00	30,200.00	32,000.00	33,750.00	35,550.00
Above Moderate	20,086.00	22,929.00	25,833.00	28,677.00	30,492.00	32,246.00	34,061.00	35,876.00

SOURCE: U.S. Department of Housing and Urban Development

FIGURE 8
INCOME LEVELS OF
ARROYO GRANDE HOUSEHOLDS - 1980

<u>INCOME LEVEL</u>	<u>INCOME RANGE</u>	<u>NUMBER OF HOUSEHOLDS</u>	<u>PERCENT OF HOUSEHOLDS</u>
Very Low Income (Less than 50% of Median)	\$ 0 - 8,980	1047	24.3%
Low Income (50% - 80% of Median)	\$ 8,981-12,395	487	11.3%
Moderate Income (80% - 120% of Median)	\$12,395-19,738	960	22.3%
Above Moderate Income (Greater than 120% of Median)	\$19,738+	1813	<u>42.1%</u>
		4307	100%

¹Based on the County median income adjusted for family size.

Source: U.S. Census, 1970 and 1980; California Department of Housing and Community Development.

Housing Costs. The price of housing, including land costs, construction and financing has escalated nationally, and particularly in California during the past several years, pushed upward by the inflationary environment of the late 1970's and a demographically-induced demand which produced an investment demand for housing. As the costs of home ownership are increasing faster than average incomes throughout California, the ability to purchase property has become limited to higher-income households and those with substantial equity from a previous house sale. Between 1975 and 1980, the cost of the median California home increased 139.1%. In the same five years time, the median priced California home went from costing 16.2% more than the median U.S. home to costing 57.5% more. Locally, housing costs are magnified by competition from new residents with greater relative purchasing power.

The cost of land alone may comprise 20 to 40 percent of the price of new housing. Rapid increases in land cost are most often attributed to the following factors:

- a. Economic attractiveness of land development
- b. Government restrictions and processes
- c. Scarcity of buildable land
- d. Competition for desirable locations

Off-site costs, or "infrastructure" are a major component of housing production costs. Improved land with utilities, i.e., sewer and water connections, streets, sidewalks, curbs, and gutters, can represent 35 to 50 percent of the total cost of new housing. Current approximate prices for improved lots in Arroyo Grande (not including "soft" costs such as profit, overhead, and financing) are as follows:

- \$45,000 for 10,000 square feet
- \$50-60,000 for 1/2 acre
- \$60-70,000 for 1 acre
- \$20,000 for P-U-D or townhouse lots

Construction costs also vary with the site and such factors as slope, drainage, type of development, and infrastructure. Current approximate construction costs, exclusive of landscaping, are reported as follows:

- \$26-29 per square foot for P-U-D or townhouse units
- \$35 per square foot for traditional single family detached subdivision units
- \$40-50 per square foot for medium priced custom houses

Financing has increasingly contributed to the cost of housing as well. Construction financing has more than doubled in the last twenty years to 10% of the cost of a finished house. Developers have had to pay higher interest rates on land, improvement, and construction loans, and have had to pass these costs on to homeowners in the form of higher prices. (Buyer financing is discussed in Section V.) Furthermore, marketing and sales can add from 4-10% to the cost of a house.

During the period from January through September, 1983, there were 97 residential resales in the City, representing 44.9% of the South County market. The average market price for a single family residence was \$105,234. The median price was \$103,000. (The market for new single family residences was very heavily influenced during this time period by a 83-unit subdivision. These units represented by far the largest number of residential sales and ranged in price from \$65,000 to \$85,000.) Other new construction ranged in price from \$89,000 to \$129,000. Several new custom houses sold in the \$150,000 range. The lowest priced house (other than the foregoing mentioned subdivision) was \$69,000. The average price for a duplex, though few were actually sold during this time, was \$114,000.

Local realtors report a demand for housing in the \$70,000 - \$100,000 range and that the more expensive houses are generally bought by newcomers to the area. This may indicate that only those with above moderate incomes are attempting to enter the housing market.

According to building industry sources, condominiums are becoming an ever more viable substitute for single-family houses. They report the cost spread (nationwide) between a 1,300 square foot condo and a typical 1,600 square foot single family house to be approximately \$15,000. The average price for a condominium in Arroyo Grande in February 1984 was \$79,376.

The rental market is also characterized by high prices. Rents for condominiums and duplexes begin at about \$600 per month; apartments start at \$345 for a studio; single family houses begin renting at \$500 for something very small and old and go up to over \$1000 a month for an "executive-type home."

Affordability. In establishing criteria for various housing programs, state and federal agencies have defined overpayment for housing in terms of a percentage of gross household income expended for housing. The traditionally accepted guideline for affordability has been a household ceiling of 25 percent of gross monthly income.

The 1980 Census reported approximately 53 percent of lower income owners (those at or below 80 percent of County median family income) paying more than 25 percent of their income for housing. Approximately 81 percent of lower income renters paid more than 25 percent of their income for housing. With the rise in the cost of housing generally outpacing that of incomes, however, this 25 percent standard could be considered unrealistically low. Lending institutions are generally allowing a debt ratio between 28 and 38 percent for mortgages. Given the City's 1980 median income of \$16,912, it becomes evident from the required annual incomes shown in Figure 9 that low and moderate households are unable to purchase most available housing units, even with a 30 percent ceiling. Moreover, most rental units are also out of the price range of low income households who are most in need of such housing. Thus it may be inferred that households with low and moderate incomes are exceeding affordability limits and spending disproportionate shares of their incomes on housing to the exclusion of other purchases.

Discrimination in Housing. Closely related to the issue of adequate housing is that of accessibility. Even if an adequate number of affordable dwelling units existed in the community, it is likely that some housing would not be accessible to all residents because of personal prejudices. Federal and State law prohibits discrimination against homeseekers on the basis of race, age, religion, national origin, sex, marital status, color, or ancestry. Although discrimination still exists, its extent is uncertain since it may take more subtle forms and many cases may not be reported. Arroyo Grande presently refers landlord/tenant complaints to the South County Human Relations Commission. Other public agencies involved in housing discrimination complaints are the County District Attorney's Office, the County Commission on the Status of Women and the California Rural Legal Assistance Office.

FIGURE 9
MONTHLY HOUSE PAYMENTS - 1980

PURCHASE PRICE	MONTHLY ¹ PAYMENT	YEARLY INCOME	
		<u>25%</u> ²	<u>30%</u> ²
\$50,000.00	\$434.68	\$20,865.00	\$17,370.00
55,000.00	478.15	22,951.00	19,107.00
60,000.00	521.62	25,038.00	20,863.00
65,000.00	565.09	27,124.00	22,602.00
70,000.00	608.56	29,211.00	24,318.00
75,000.00	652.02	31,297.00	26,055.00
80,000.00	695.49	33,384.00	27,817.00
85,000.00	738.96	35,470.00	29,555.00
90,000.00	782.43	37,557.00	31,266.00

¹Monthly payment is based on 20 percent down payment and a 12-3/4 percent interest rate on a 30-year amortized loan. This figure does not include utilities, property insurance and repairs, or property taxes.

²Percent income spent for housing.

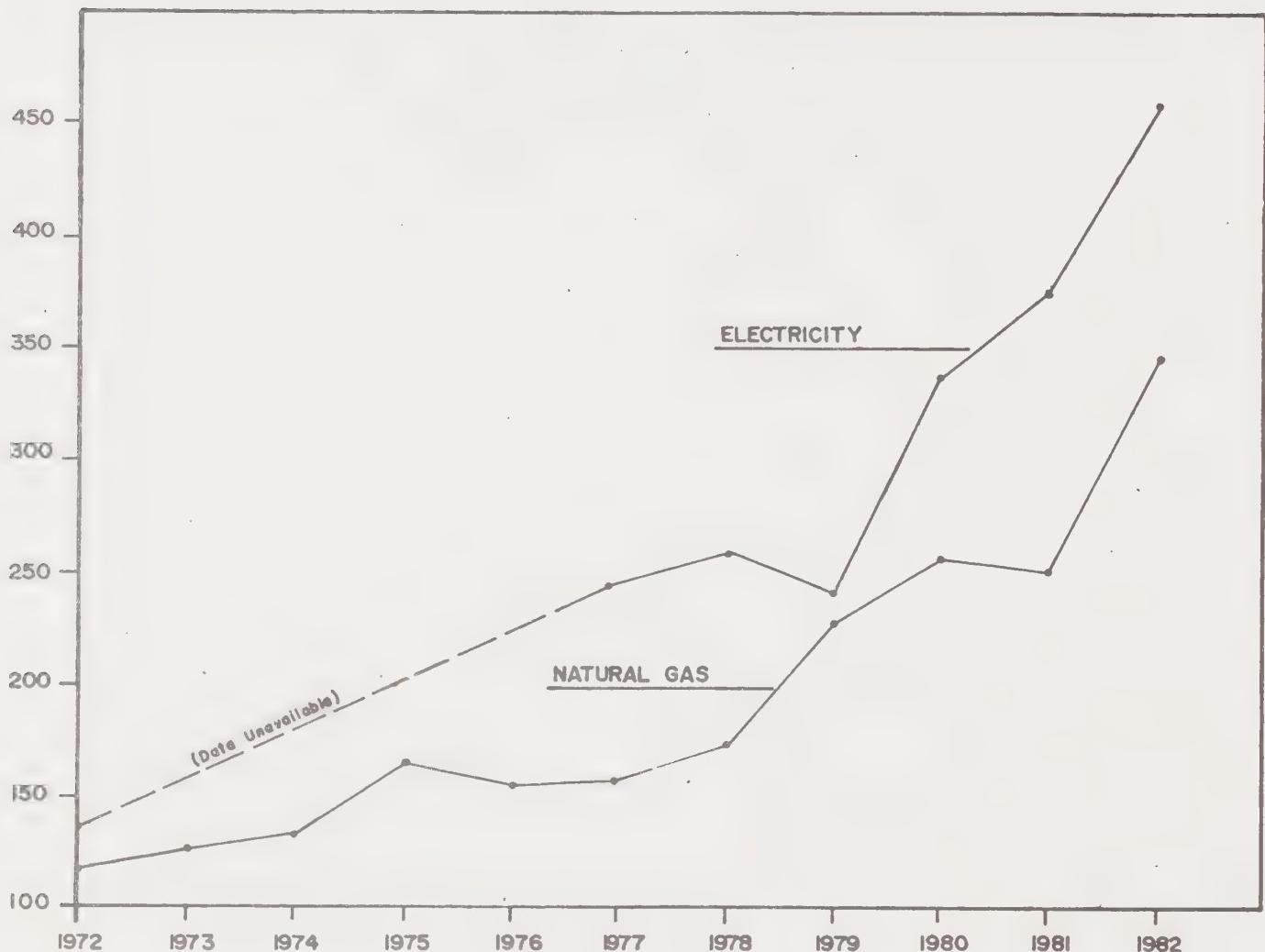
Source: Housing Element of San Luis Obispo County, October, 1982.

Energy and Housing. Increasing energy costs is one of the factors involved in the rising cost of housing. Data obtained from the California Energy Commission for this region shows that between 1972 and 1982 the average annual household cost for natural gas increased 192% while consumption decreased 31%; annual electric bills increased 234% while consumption increased only 0.6%. (See Figure 10.)

Some financial assistance is periodically available to low income households for meeting energy costs. For example, the Economic Opportunity Commission can subsidize certain households with utility bills under its Utility Payment Program, and assist with heat-related repairs under its Housing and Energy Program for eligible low income and elderly utility customers.

FIGURE 10

AREA ANNUAL HOUSEHOLD COST
FOR ELECTRICITY AND NATURAL GAS, 1972-1982



Source: California Energy Commission (Pacific Gas & Electric and Pacific Lighting Corp., 1982 Annual Reports)

V. CONSTRAINTS

Governmental

1. Land Use Controls. Arroyo Grande's Land Use Element allows for density as high as 20 units per acre. While local land use controls are not generally perceived as constraining to residential development, the high cost of land and site preparation as contributing factors to expensive housing may in some cases be mitigated by permitting higher residential densities and mixed uses in appropriate areas. Affordable housing might also be developed under the City's Planned Development (P-D) District, thereby eliminating setback or open space requirements which could be constraints to affordable residential development. The majority of the City's remaining undeveloped land (exclusive of agricultural) is in the P-D designation.

2. Codes and Enforcement. Code enforcement refers to both zoning and building regulations, neither of which place serious constraints on residential development in Arroyo Grande. Zoning enforcement is concerned primarily with illegal uses, or structures, while the Building Code is concerned with construction violations. As the City has no mandatory zoning code enforcement program, it relies on a complaint-response procedure. This involves investigation of zoning violations by City staff based upon complaints from neighbors or tenants. The majority of reported zoning violations involve illegally parked and lived-in trailers. New construction is required to meet Uniform Building Code regulations. However, there is no ongoing systematic enforcement of building codes upon existing dwelling units unless a complaint is made or a permit is sought for additional construction, which could require the applicant to bring the building condition up to meet existing codes.

3. Infrastructure. The existing public facilities and utilities, including water and sanitary sewer, have the capacity to accommodate residential growth in appropriate areas into the late 1990's at the present growth rate. Drainage facilities will be expanded as development occurs. Internal traffic circulation is

addressed by the General Plan. Where increases in residential densities threaten to impact circulation patterns, mitigation measures will be required as part of the permit approval process. As previously discussed, however, off-site improvements can represent a major proportion of the cost of new residential development, and are therefore often a constraint to such development.

4. Permit Approval Process and Fees. Development review also affects housing costs. Because of interest rates and inflation, the longer it takes for a development proposal to be approved, the higher the development costs. Development application processing has basic time requirements as a result of the City's obligation to adequately evaluate projects as well as the requirements of state law. These include enforcement of building codes, consistency with the Open Space Plan, requirements of the Subdivision Map Act and compliance with the California Environmental Quality Act (CEQA). Processing times vary based on the size of the project and the extent of environmental review required. The zoning, site and design review process, which evaluates the development's conformance with regulations and considers its relationship to the surrounding area, averages about 30 - 90 days, depending upon whether or not special approvals are necessary. Figure 11 indicates in general the cost of a building permit.

5. Tax Structure. Proposition 13, which requires a reassessment on a newly purchased existing housing unit, results in increased taxes on the property. As a result, owners' and renters' housing costs are increased beyond the housing costs of comparable properties which do not change ownership. This two-tier tax schedule discourages people from entering the housing market for the first time or upgrading housing quality. As the rate of upgrading housing declines (called the "filtering" effect), first-time buyers in the lower income brackets find fewer opportunities to purchase older, lower cost housing.

FIGURE 11
SCHEDULE OF BUILDING PERMIT FEES

Valuation: base upon 38.20 to 98.90 per square foot depending on type of construction.

Plan Fee: graduated percent of valuation

Plan Check: .65% of Plan fee

Building Tax: \$400.00

Drainage: cost per acre depending on zoning and location

Sewer hook up: \$2,000.00 minimum

Sewer inspection: \$7.00

SMIP: .00007 times valuation

Water meter: \$720.00 minimum

Plumbing: based on number of fixtures

Electrical: \$.02 per square foot

Mechanical: \$25.00

School Assessment:

0 - 1 Bedroom Dwelling Unit, 849 square feet or less.	\$300.00
0 - 1 Bedroom Dwelling Unit, 850 square feet or greater.	\$500.00
2 Bedroom Dwelling Unit, 1349 square feet or less.	\$500.00
2 Bedroom Dwelling Unit, 1350 square feet or less.	\$700.00
3 Bedroom Dwelling Unit, 1949 square feet or less.	\$700.00
3 Bedroom Dwelling Unit, 1950 square feet or greater.	\$900.00
4 or more Bedroom Dwelling Unit, regardless of square footage.	\$900.00

6. Staff Services. Massive cutbacks in most federal housing assistance programs from previous levels and virtual elimination of others over the past four years has placed more and more of the responsibility for providing housing assistance to lower income families on local jurisdictions. Severe fiscal austerity measures forced upon local governments by overall reduced federal assistance and diminished revenues resulting from Proposition 13 have constrained local governments in the provision of all services.

These conditions have necessitated the creation of alternative techniques for providing public services. Among the most versatile and effective techniques which have emerged is public/private partnerships in housing development. Some of these methods are discussed in Chapter VII of this element. Implementation of such programs, however, requires staff services at the local level, and in the case of innovative or specialized programs, more specialized skills are required. While larger cities and counties already often have the technical staff capabilities to handle additional duties, the need for such personnel is clearly a constraint in small communities such as Arroyo Grande. Where consulting services or contractual agreement with a housing authority or housing development corporation is appropriate and feasible, City support staff for maintaining such an arrangement must also be a consideration.

Non-Governmental

1. Market Influences. A major constraint to the provision of affordable housing in Arroyo Grande is the current status of the housing market. High and volatile national inflation rates have necessitated higher mortgage interest rates to attract capital into the housing market. High or variable interest rates are currently necessary for home mortgages to compete with other capital investments.

Increases in the cost of consumer credit, without which most would-be homeowners cannot purchase housing, has seriously diminished the buying power of low and moderate income households. For example, a \$59,000 mortgage (the 1980 median house value less a 20% downpayment) at 10-3/4% interest would have a monthly payment of \$550.76; at 13-1/4% the monthly payment goes up to \$664.21.

The concept of housing as an investment, as well as shelter, has evolved partly out of high inflation. It has been observed that the shelter value of housing has been replaced in priority among many owners by its investment and tax shelter value. This attitude has perhaps stimulated housing price increases greater than the overall rate of inflation. The investment benefits inherent in real estate encourage turnover at high prices and ever increasing rents. While driving up the cost of housing, this investment activity also creates a disparity of fiscal security among households. Those able to invest become financially better off, while those unable to do so lose progressively more ground.

Locally, the housing market is also affected by employment patterns and by the increase in competition for housing from newcomers to the area, many of whom have substantial amounts of cash from previous sales in metropolitan areas with even higher prices or a monthly income disproportionately higher than that of the rest of the population.

The problems of affordable housing for low and moderate income households are complicated by a lack of both new apartment construction and housing stock filtering. In the past, as housing became less desirable through aging, deterioration, or neighborhood change, it was passed from the more affluent to the less affluent, providing each socio-economic level with better housing than it previously occupied. This process has declined with housing production rates and with the increase in housing costs, as homeowners more frequently invest in rehabilitation rather than new purchases. Older houses, moreover, are no longer inexpensive and are often bought and renovated by upper income families.

2. Expectations and Attitudes. Greater expectations in both the private and public sector have raised the cost of producing a typical housing unit. Public expectations of housing quality have risen dramatically since the 1950's. Consumers more commonly insist on such amenities as built-in appliances, tile counters and plush carpets. Because kitchens and bathrooms are the most expensive parts of a house to build, a small unit for one or two people may be more expensive per person than a larger unit for three or four.

Governments have also gradually raised their standards regarding residential development. Local regulations commonly address architectural design, landscaping, utility undergrounding, and open space. The state has raised requirements for energy conservation, safety, planning, and access for the handicapped. Federal law has increased environmental controls for water, sewer and other facilities, and imposed more stringent standards for housing finance. While such regulations improve the quality and accessibility of adequate housing, they also contribute to its cost.

Attitudes towards housing grants and programs and reluctance to accepting assisted housing for low and moderate income groups and different or unfamiliar housing forms also present obstacles to increasing the housing supply. Neighborhoods in all cities often resist changing their familiar environments, whether they are considering single-family bungalows or high rise condominiums. Government programs for improvement of housing conditions have been little used at the local level. This is likely due to the notion that state and federal grants are "boondoggle" operations, demanding sacrifice of local control. Lack of knowledge of the various types of grant assistance and programs and unsufficient staff to administer them also inhibits the community from taking advantage of such programs.

VI. EXISTING HOUSING PROGRAMS

A limited number of households in Arroyo Grande receive housing cost assistance through a joint powers agreement, with the City of San Luis Obispo Housing Authority, which manages both the Section 8 Rental Assistance Program and the "Aftercare" housing assistance program for the handicapped throughout the County. In 1983 approximately 17 percent of the Housing Authority's subsidized units were in Arroyo Grande.

Section 8 provides rental assistance to eligible low-income households by providing landlords with the difference between approximately 25 percent of the household's income and the maximum allowable rent set by the Department of Housing and Urban Development. In 1983 there were 61 residents at the HUD-financed Park View Manor elderly housing project, and 42 individual households in the community receiving Section 8 assistance. There is currently a two-year waiting list for Section 8 certificates in the County.

Two housing rehabilitation programs are available to eligible residents of Arroyo Grande through People's Self Help Inc., a local private non-profit housing corporation started in 1970:

1. Senior citizens receiving Supplemental Security Income (SSI) benefits are eligible for small rehabilitation grants up to \$1,500 for home repairs related to health and safety. This program is funded by the Area Agency on Aging (AAA) and local Revenue Sharing funds.
2. A Minor Home Repairs program also funded by AAA assists eligible elderly householders with one-day repair services.

VII. ALTERNATIVE METHODS TO INCREASE AND CONSERVE THE HOUSING SUPPLY

The most significant housing problem in Arroyo Grande is a shortage of housing units, particularly rentals, in a price range affordable to low and moderate income households. The City has the ability to create a favorable climate which would attract construction of affordable housing units. A number of alternative actions to stimulate housing production and to help protect the existing supply are available and have been used successfully in other communities. Some of these methods involve regulatory activities on the City's part while others involve financial assistance from other levels of government. Increasingly, creative participation by the private sector, including lenders, builders and buyers, is also called for. This section discusses a number of such techniques and their potential applicability to Arroyo Grande.

Rezoning. There are two types of rezoning, one which involves changes in land use classification, and the other which involves density increases. Arroyo Grande presently has sufficient residentially zoned land to accommodate projected population growth. Increasing densities in certain appropriate areas may, however, in some cases help lower the cost of housing production, by reducing site improvement costs and therefore contributing to the ability of developers to provide affordable housing. This could be accomplished by allowing higher density for all lower cost housing in all multi-family zones, or by establishing a "floating zone." Development in compliance with standards which would be specified in the text of the Zoning Ordinance, may then be mapped in the floating zone and provide infill at higher densities. The City could also conserve housing supplies by discouraging rezoning of residential and to non-residential categories.

Bonus Incentives. An increased supply of low-and-moderate income housing units may be encouraged by the granting of density bonuses or other appropriate incentives to developers of affordable housing, as required under

the provisions of Section 65915 of the Government Code as amended. The regulations provide that:

1. The City must adopt procedures to implement the provisions of AB 2099 (G.C. Sec. 65915).
2. The City must grant either: (1) ". . . a density increase of at least 25 percent over the otherwise maximum allowable residential density under the applicable zoning ordinance and Land Use Element . . ."; or (2) "provide other incentives of equivalent financial value" to a qualified developer.
3. A developer can qualify by providing 25 percent or more of a project's units for families of low or moderate income, as defined; and/or by including 10 percent of the units for low income households. An eligible project must contain at least 50 units.
4. A developer may submit a preliminary proposal which meets the requirements of AB 2099 prior to formal permit application. The City must respond in writing within 90 days how it intends to comply.

The City should address the specific issues of these provisions in order to simplify and standardize procedures for implementation. This could be accomplished by amendment of the zoning ordinance with regulations similar to those adopted by San Luis Obispo County.

Inclusionary Zoning. A mandatory inclusionary zoning ordinance may also be used to provide low income housing. Such an ordinance requires new housing developments to include a minimum number of units (usually 15-20%) for sale or rent to low and moderate income persons. Density bonuses, Section 8 subsidies and other such devices can ease the ordinance's financial impact.

Mixed Uses. The City should encourage mixed-use development as a means of increasing the supply of low-income affordable housing and especially of easing the tight rental market. In order to encourage a mix of residential and commercial uses, for example, height or density allowances for the commercial use could be increased when housing is provided. The City should consider revising its Zoning Ordinance to permit mixed-use developments in commercial and perhaps industrial zones as well without penalty in terms of permitted floor area ratios.

Assistance to Developers. The City should aid developers of housing by providing information regarding federal and state subsidy programs and by encouraging both non-profit and private developers to submit proposals for development of lower cost housing.

Priority Processing. "Fast tracking," i.e. giving priority in staff, Commission and Council review for below market rate units is a means of reducing their development cost and thereby making them more attractive to builders.

Publicly Owned Housing. Another method of providing affordable housing is through direct city ownership. Aside from administrative considerations, there are often political constraints to city ownership, since the record has not been very successful, with blame generally placed on tenants of publicly-owned housing projects. Many Americans are convinced that a low income housing project would have a blighting influence on their neighborhood. Article 34 of the State Constitution prohibits city-constructed housing projects without a 2/3 vote of the electorate.

Below Market Rate Programs. A variety of traditional and innovative financing techniques as well as land use and housing production techniques can be used and often combined to lower housing construction and home purchase costs, and to make financing available and affordable for private development of lower cost housing. The following list, while not all-inclusive, describes some of these techniques.

1. Mortgage Revenue Bonds. Pending legislation may extend authorization for localities and non-profit housing development corporations to issue tax-exempt mortgage revenue bonds for financing of low and moderate income single and multi-family rental and owner-occupied housing. Investors purchase bonds at lower interest rates (usually 3% to 4% below market rates) due to the tax free status of the bonds. These lower rates are then passed on to borrowers.
2. Alternative Mortgage Instruments. Alternative mortgage instruments can make housing more affordable by tailoring loans to the specific needs of the home buyer or home owner. Most of these mortgages seek

to lower the effective rate of interest during the early years of the mortgage so that prospective home buyers can qualify for credit more readily. For example an alternative mortgage plan offered by the California Homeownership Assistance Program (CHAP) is designed to assist low-and moderate income home buyers to purchase manufactured homes, condominiums, and cooperative units. The CHAP provides shared appreciation loans to home buyers. For example, a participating lender makes a conventional mortgage loan to a buyer using the standard lending criteria. The state then makes a second loan for the difference between the purchase price and the total of the down payment and first loan. This amount can be as much as 49% of the purchase price. When the home is sold, the state is repaid for the principal amount of the loan, and in addition, receives a share of the appreciated value of the property.

3. Interest Subsidies. Private financial assistance to housing production can be leveraged by subsidizing (with CDBG funds for example) the interest rates of private lenders. Interest subsidies can be used to generate more private money with fewer loan funds by lowering a lender's interest rate with a prepaid subsidy at market rate.
4. Landbanking. Landbanking is a useful tool for bringing about desired development and, at the same time, for curbing many of the problems caused by speculation. Landbanking can shield against spiraling land prices and provide a means for a community to promote decent housing at prices affordable to low and middle income families. Such a program could involve, for example, establishment of a revolving fund to acquire sites suitable for residential development, and later sale to profit-making or non-profit developers, providing financial and density incentives for development of below market rate units. Landbanking gives a community more direct control over the location, cost, and nature of development, as well as an opportunity to observe market trends and to develop or dispose of property at a time appropriate for development.

5. Off-site Improvements. Provision of public facilities or extension of utilities to housing developments can lower the cost of housing construction and may encourage production of below market rate units. A city may install streets and sidewalks, for example, by issuing assessment bonds, which provide lower interest financing than the developer could obtain if he had to make the improvements.
6. Land Write-downs. Write-downs are normally used to encourage the building of shopping centers and parking lots, but, when combined with land banking or carried out under a Community Development Block Grant (CDBG) Program, they can also offset a significant part of the cost of developing low and moderate income housing. For example, a city, or a community housing development corporation could acquire apartments for write down to facilitate purchase by tenants as a cooperative.
7. Cooperative Housing. Under a cooperative housing plan, a non-profit cooperative corporation owns the housing units and the cooperative members own the corporation, at one share per unit. Members are therefore able to enjoy the tax advantages of private home ownership at a fraction of the usual cost. Various low-cost financing techniques, such as revenue bonds, for example, allow the corporation to keep the cost per share low. Low cost financing is possible for cooperatives because creditability for repayment is based on the net value of the cooperative corporation instead of the individual. Treatment of equity build-up in cooperatives varies. Prohibiting equity build-up has the advantage of keeping entry costs low enough for low-income persons. Lack of equity, however, may dampen incentive to join. An alternative would be to allow limited equity build-up with the remainder of the equity vesting in the corporation rather than in the member shares. Only residents would have shares and the shares could only be sold back to the corporation, which would then resell them at no gain. Planned Unit Developments can be in the form of cooperative housing, or can combine features of cooperatives and condominiums, allowing member control of common facilities and individual ownership of units with restrictions on resale prices.

8. "No Frills," "Self-Help," and Manufactured Housing. "No frills" or least-cost housing is an efficient and less expensive form of housing because it is smaller and does not contain some of the more costly amenities, such as air conditioning, multiple bathrooms, complete carpeting, large garages, extra bedrooms or large lots. It is usually provided by builders who also employ cost-saving production methods. Manufactured housing is a term which covers a broad range of housing including mobile homes and factory built housing. The range in cost for these types of housing is wide, reflecting the degree to which the housing components are prepared and assembled for construction or installation. Manufactured housing includes simple pre-cut lumber packages as well as modular housing preassembled and installed on the site with no further finishing needs. The "Self-Help" housing production concept involves homeowners in the construction of their own dwelling units from start to finish. Housing costs are thereby reduced by "sweat equity."

The following reasons account for the lack of such housing types in Arroyo Grande:

1. Densities allowed by current zoning do not encourage this type of development. Costs for building lots are prohibitively high. Additionally, the very high cost of off-site improvements require a developer to build higher-priced houses to recover the investment and turn a profit.
2. Most least-cost housing is not "turn-key", i.e. ready-to-be-occupied as in a conventional subdivision. Consumers may, in fact, be involved in the production process to the extent of purchasing land, arranging for financing and even completing construction. When buyers become aware of housing costs such as adding an extra bathroom, trash compactor or other special feature, they will be better able to decide if these items are necessary or economically attractive. As fewer people are able to afford to pay others for ready-built housing, they may become more involved in decisions affecting the cost of units.

3. Innovative housing concepts are unfamiliar and therefore may not be readily marketable or attractive to builders.

Funding Assistance Programs. Federal and state agencies such as Housing and Urban Development (HUD), Farmers Home Administration (FmHA), the California Housing Finance Agency (CHFA), and the Department of Housing and Community Development (HCD) administer a variety of housing assistance programs for both housing construction and rehabilitation. Actual funding levels for such programs is often uncertain from year to year. The City should, however, closely monitor the availability of funding and seek assistance to meet its needs whenever practical and feasible.

1. Arroyo Grande may be eligible for funding assistance through the CDBG Small Cities Program for housing related activities. Block grants are awarded on a competitive basis with priority for projects which benefit low and moderate income persons. Communities may use the funds in a variety of ways, including grants, deferred loans, or direct loans. They can also be used to establish a revolving loan fund and to "leverage" additional funds by subsidizing interest or by guaranteeing private conventional loans. Other activities commonly funded by CDBG programs include the following:
 - a. Site acquisition. Funds may be used for "landbanking" and "write down," including deteriorated or undeveloped property for housing, or for purchase and write-down of existing rentals.
 - b. Rehabilitation. The use of CDBG funds to rehabilitate housing can conserve the existing housing supply. Such activities may include home improvement rebate programs; "Handy Man Services" programs; maintenance assistance programs to correct code related violations; rehabilitation, modernization and room additions for health and safety improvements; and leveraging of private financial resources for rehabilitation projects. A CDBG rehabilitation program could be administered, for example, by the City, if eligible, or through a non-profit housing

corporation such as Peoples Self Help Housing, Inc., which currently administers a Handy Man Service program in the County.

- c. Public Works. Eligible improvements include offsite improvements in single family tract developments, traffic improvements, flood and drainage improvement, curbs, gutters, sidewalks, undergrounding of electric wires, water lines and sewer lines, street beautification, and sewer hook-up costs for low/moderate income units.
 - d. Weatherization and insulation programs for energy conservation.
2. In 1979, SB 229 and AB 33 created two new major housing assistance programs and expanded an existing rehabilitation program:
- a. Rental Construction Incentive Program. Under this program HCD may provide funds through local agencies of the CHFA for the development of new rental units by private non-profit, or public agency sponsors. The goal of this program is to leverage private capital and to use other state and federal financing programs to provide affordable rental units. At least 30 percent of the units in any rental development assisted under this program must be made available to very low and low income households.
 - b. Homeownership Assistance. This program allows HCD to provide up to 49 percent of the purchase price of manufactured housing on single-family lots for eligible low and moderate income buyers.
 - c. Rehabilitation. This program expands the existing Deferred Payment Rehabilitation Loan Program under which HCD provides funds to local agencies for use as deferred payment rehabilitation loans to homeowners of low and moderate income and to rental housing developments occupied by those of low

and moderate income. The expanded program funds for this purpose would also be available to non-profit corporations and housing authorities undertaking rehabilitation programs.

3. CHFA, through the Home Ownership and Home Improvement (HOHI) program will provide purchase and rehabilitation loans to low and moderate income owner-occupants of single-family houses.
4. CHFA will provide Section 8 allocations in conjunction with direct below market rate loans to housing sponsors or developers to finance multi-family residential developments which will provide new housing to mixed-income families. Through the HOHI Program, CHFA will provide lenders funds for the permanent construction/take-out financing of individual homes and small infill subdivisions.
5. HUD's Section 202 Housing for the Elderly is a direct loan program for nonprofit organizations or cooperatives which want to produce housing for the handicapped, elderly, or mentally retarded. The program provides a matching Section 8 allocation.
6. The Housing and Urban-Rural Recovery Act of 1983 authorizes development grants of up to 50 percent for construction of rental or limited equity cooperative housing. Under this program (HODAG) which is similar to the Urban Development Action Grants, local governments can apply for funds to provide, or to assist private developers in providing, new or substantially rehabilitated rental housing through capital grants, loans, interest reduction payments, or other comparable assistance.
7. FmHA currently sponsors a program for construction of rental housing for farmworkers. Participants must derive the majority of their income from agriculturally-related activities.

Housing Authority. San Luis Obispo County has not had an active housing authority since 1969. County residents are currently served by the San Luis Obispo City Housing Authority, whose services are specified by a joint powers agreement between the Authority and the County. Benefits received by Arroyo

Grande residents under authority-administered programs are limited to Section 8 and "Aftercare" rental assistance programs.

The scope and function of housing authorities have changed since their creation in 1973; new roles were created by the Housing and Community Development Act of 1974 and recent State legislation. There has been a general shift away from conventional large-scale housing projects, which often had negative influences on their occupants as well as the communities where they were located. Housing authorities are increasingly becoming involved in construction of small, decentralized developments. They are also expanding their activities beyond ownership and management of subsidized housing to include residential rehabilitation and maintenance programs, housing advisory and referral services, leased housing and a variety of coordinative and administrative functions. Housing authorities may now, for example, issue bonds for housing development, or acquire tax exempt mortgages from banks.

Under the law every city or county is allowed to form a public, non-profit housing authority corporation governed by a five-member commission that serves a four-year term. The commission can either be a separate board of commissioners appointed by the city council, or the council can itself act in the capacity of a housing commission. In the latter case, state law requires that the council must also appoint an advisory committee.

A city may, however, choose rather than empower its own authority to form a "cooperative agreement" with its county housing authority. The cooperative agreement specifically delineates the housing body's roll in the community and spells out such things as the purpose of the agreement (e.g. to obtain federal funds for development of a certain number of housing units), the services the city will provide and the terms of the authority's payments in-lieu-of-taxes to the city.

Yet another option for cities is to contract with a private non-profit housing corporation, such as the San Luis Obispo City Housing Authority. In this case Arroyo Grande would be required to first empower its own housing commission by one of the means previously described and then to enter into a joint powers agreement with the Housing Authority. This arrangement would also require a cooperative agreement for implementation of housing programs.

In addition, in order for any city or county housing authority or private/public housing corporation to develop public housing, Article 34 of the State Constitution requires a public referendum. The referendum can be structured by the city to meet specific requirements (for example, scattered site development and density limits).

VIII. FUTURE HOUSING NEEDS

Total Need. The State of California Department of Finance estimates that as of January 1, 1983 there were 4648 households in Arroyo Grande. An additional 948 households are expected by July 1, 1989. Population and household projections are shown in Figure 12. Household and owner/renter distribution estimates are based on 2.57 persons per household and 65% owner, 35% renter households.

FIGURE 12
HOUSEHOLD PROJECTIONS BY TENURE

<u>YEAR</u>	<u>POPULATION</u>	<u>HOUSEHOLDS</u>	<u>OWNER</u>	<u>RENTER</u>
1984	12,707	4,944	3,214	1,730
1986	13,246	5,154	3,350	1,804
1988	13,808	5,373	3,492	1,881
1989	14,098	5,491	3,569	1,922

The State Department of Housing and Community Development has published a methodology for estimating future housing unit needs. The formula takes into account the desired vacancy rate which has been determined as necessary to provide a stable housing market.

$$[(OH \times (\frac{1}{1 - V/S})) + (RH \times (\frac{1}{1 - V/R}))] (\frac{1}{1 - OV}) = \text{Number of units needed to accommodate household growth}$$

In this formula:

OH = Owner households, 1989

RH = Rental households, 1989

V/S = Desired vacancy rate for ownership units. This has been established by State and Federal Housing agencies at 2%.

V/R = Desired vacancy rate for rental units. This is established at 6%.

OV = Actual "other vacant" rate in the City, i.e. units which are vacant but not available for sale or rent. Estimated at 1.5% in 1980.

With the appropriate variables inserted, the formula would appear as follows:

$$\begin{aligned} & [(3569 \times (\frac{1}{1.02})) + (1922 \times (\frac{1}{1.06})) (\frac{1}{1 - 1.5\%})] \\ & [(3569 \times 1.02) + (1922 \times 1.06)] (\frac{1}{.98}) \\ & (3711 + 2084) (\frac{1}{.98}) = 5773 \end{aligned}$$

Approximately 5773 total housing units will be needed in the City by July 1, 1989 to accommodate projected household growth. Since there were an estimated 5186 units in the City as of January 1, 1984, an additional 587 units will be needed in the next five years. In addition it is estimated that approximately 100 units will be needed to replace normal housing market removals (i.e. units boarded up, torn down, destroyed by fire, changed to commercial use, etc.).

Affordable Housing Needs. As previously discussed in Section IV, a housing affordability standard of 25 percent may not be realistic for Arroyo Grande, considering the cost of available housing. The affordable payments shown in Figure 13 therefore assume 33 percent of a household's income spent for housing. The payments reflect only principle and interest, excluding taxes, insurance, maintenance, and utility costs.

The estimated percentages of available housing units for each income group as shown in Figure 13 reflect assessed values and incomes reported in the 1980 Census. While the increase in housing costs has been steeper than the rise in incomes (housing prices in San Luis Obispo County increased between 15 and 20 percent during 1979, while personal income increased approximately 10 percent), the figures nevertheless give some indication of the availability of ownership housing opportunities for the various income groups. Competition among income groups for lower cost housing should be taken into consideration when comparing these figures.

Due to fluctuations in demand and prices for rental housing in this area, as previously discussed, it would be difficult and of little practical value to attempt to estimate affordable rental units by income groups. Indications are, however, that a shortage of affordable rental housing does exist and that this

FIGURE 13
HOUSING AFFORDABILITY AND NEEDS BY INCOME GROUP

INCOME GROUPS	PERCENT HOUSEHOLDS IN INCOME GROUP	RANGE OF AFFORDABLE MONTHLY PAYMENTS ¹	RANGE OF AFFORDABLE UNIT PRICES AT 13% INTEREST ²	ESTIMATED % AVAILABLE OWNERSHIP UNITS PER INCOME GROUP, 1980	UNITS NEEDED BY JULY, 1989
\$ 0 - 8,980 (very low)	24%	\$ 0 - 247	\$ 0 - 27,000	2.2%	141
8,980-12,395 (low)	12%	247 - 341	27,000-37,200	4.8%	70
12,395-19,738 (moderate)	22%	341 - 543	37,200-60,000	28.8%	129
19,738+ (above moderate)	42%	543+	60,000+	28.8%-100%	247

¹Affordable payments based upon a 33% debt to loan ratio for principle and interest.

²Based upon an 80% loan for a 30-year term.

shortage is felt most acutely by lower income households who find it increasingly difficult to compete in a tight market of high prices. An increased supply of both affordable ownership and rental housing is clearly then an immediate need. Actual future needs will depend largely on employment patterns.

Figure 14 is a summary of Arroyo Grande's new housing needs for July, 1989, by income group and tenure. These figures reflect a conservative proportion of rental units (35%), considering that low and moderate income households generally do not have savings large enough for a downpayment.

FIGURE 14
SUMMARY OF HOUSING CONSTRUCTION NEEDS, JULY 1, 1989

	<u>LOW/MODERATE INCOME UNITS</u>	<u>TOTAL UNITS</u>
Owner-Occupied	135	382
Rental	205	205
Total	340	587

Adequate Sites Inventory. The ability of the City to absorb its maximum 1989 population through new household foundation is linked to the availability of residentially zoned land. The total maximum build-out for the City within its present corporate boundaries and existing zoning has been calculated to be 7,915 dwelling units. Practically speaking, however, it would be unrealistic to expect complete redevelopment of all multiple family zoned areas to maximum density. Therefore, assuming minor redevelopment and infill, holding capacity for the city has been projected at 6,311 dwelling units. Figure 15 shows the city's total acreage in all land use categories. Figures 16 and 17 show vacant residentially zoned land and estimated potential dwelling units.

FIGURE 15
CITY ACREAGE BY LAND USE CATEGORY

<u>Land Use</u>	<u>Acreage</u>	<u>Percentage of Total</u>
Residential (RA, R1, R2, RG, R3, RS, RSC)	1,599.23	46%
Industrial (PM)	95.02	3
Commercial (PC, CN, CBD, HS)	282.03	8
Planned Development (PD)	805.26	23
Agriculture (AP, A)	567.19	16
Open Space (O)	<u>139.27</u>	<u>4</u>
	3,488.10	100%

It can therefore be seen that there is adequate residentially zoned land within the city to accommodate the 1989 projected need of 5773 housing units. The City's responsibility is to create a regulatory environment which will facilitate the development of these new units, and, moreover, to ensure that City policy does not inhibit development of needed low and moderate income housing.

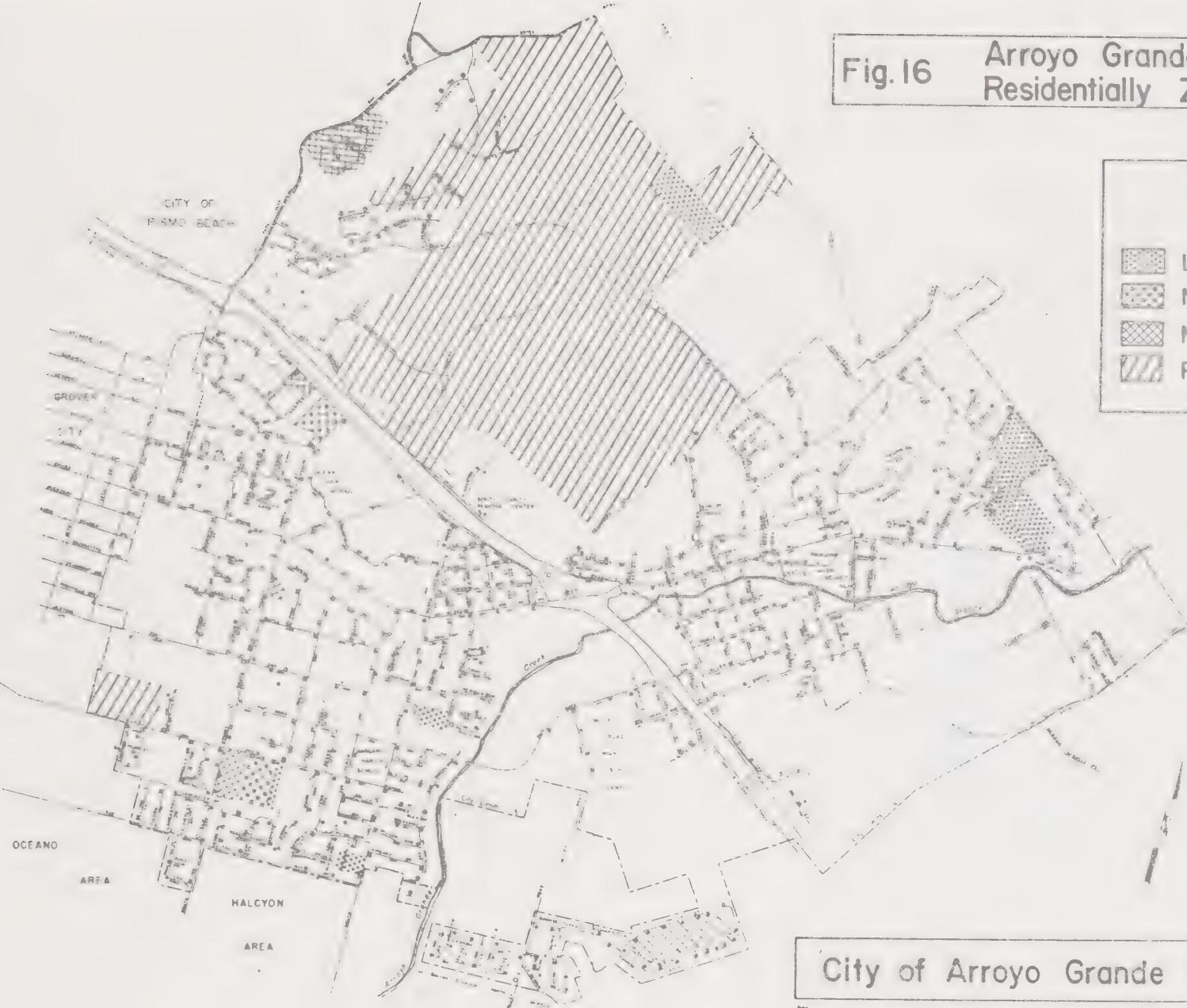
If a total of 587 new units are needed to fill the gap between 1984 and 1989, an average of 107 new units per year should be constructed to reach the needed 587 units if growth trends continue. In order to maintain a rental proportion of 35 percent, at least 38 units per year should be low and moderate rental units and 69 units per year should be owner-occupied in various price ranges as previously described.

Existing proposals indicate that the majority of new housing development between 1984 and 1989 will be single-family detached units and condominiums with average densities of approximately 4 dwelling units per acre for single-family units and 11-17 units per acre for condominiums. This development will be predominantly planned development (P-D) in the Oak Park and Rancho Grande tracts. Some infill development will also occur on approximately 50 vacant R-1 lots scattered throughout the City along with several larger R-1 tracts. The majority of this development will be primarily in the above moderate income range.

Some redevelopment and infill of higher density residentially-zoned acres can also be expected to occur over the five-year period, especially in the southwestern portion of the City along Highway 101, Brisco Road, and South

Fig. 16

Arroyo Grande Vacant
Residentially Zoned Sites*



Legend

	Maximum D.U./acre
Low	4.5
Med. Low	11
Med. High	17
P-D	

City of Arroyo Grande Housing Element 1984

*Not Including Infill Lots

FIGURE 17

VACANT RESIDENTIAL LAND AND MAXIMUM POPULATION HOLDING CAPACITY ESTIMATES

<u>Zone</u>	<u>Acres</u>	<u>Average (D.U.) Density</u>	<u>A.C.</u>	<u>Estimated Potential D.U.'s</u>	<u>D.U. Type</u>	<u>Estimated¹ Population</u>
R-1 Single Family	40.4	4.5		291	SF; mobile home	748
R-2 Duplex	15.95	11		175.5	SF; duplex; mobile home	451
R-G Garden Apartment	12.16 ³	17		207	SF; duplex; triplex; multi-fam; apts.; condo	531
R-3 Multiple Family	0 ³	20		-	SF; duplex; triplex; multi-fam; apts; mobile home; condo; group home	-
P-D Planned Development	598.23	Variable		722 ²	SF; duplex; multi-fam (cluster, condos; townhouse, etc.)	1856
Totals	666.74			1395.5		3586

¹Based on 2.57 persons per D.U.

²Estimated D.U.'s for P. reflect maximum number allowed by P-D ordinances and development of other P-D acreage (see map) at mid-range density (11 D.U./acre)

³Additional acreage in these zone categories is currently occupied by other uses, primarily SF dwellings. Due to the generally sound conditions of these structures, major redevelopment of these areas is improbable within the time frame of this element.

Elm Street. These sites, most of which are already served by supporting infrastructure, are suitable for multiple-family units, and represent the City's most promising source of affordable housing. While current City policy reflects a preference for long range market solutions to housing supply, the City should establish a priority to promote the development of affordable housing on these sites. Various methods to encourage this type of development are discussed in Chapter VI of this element.

The City recently amended its zoning ordinance to allow second dwelling units in single-family zones. Since these units will be exclusively small rental units, they will likely be in the affordable range for low and moderate income persons. Further opportunities for housing on this scale may be found among the City's commercial districts, particularly in the Professional and Neighborhood Commercial Districts as part of mixed-use development. The City should actively investigate possibilities for compatible commercial/residential uses in these areas. A Specific Plan is currently being prepared for an area of roughly 210 acres on the city's border with Grover City and bounded on the north by Grand Avenue, on the east by South Elm Street and on the south by The Pike. The Specific Plan will provide the City with a number of land use policy options for this area. The study will examine the suitability of a portion of this area, approximately 60 acres, which is presently zoned Planned Industrial for affordable (below market rate) housing.

Quantified Objectives. The objectives for the number of housing units to be constructed and conserved over the five year time period covered by this Element, as shown in Figure 18, were arrived at by balancing need with practical feasibility. They were developed to reflect the amount and suitability of vacant residential land for the appropriate mix of housing types, the level of housing production in the community over the previous five years, as well as the prevailing uncertainty over future conditions in the housing market, particularly interest rates.

The contribution to housing supply and affordability of other programs related to energy conservation, such as EOC and PG&E weatherization assistance programs should not be underrated because their results have not been quantified. Additionally, the City should encourage developers of new housing, particularly multiple family, to investigate cost-saving energy technology such as solar.

FIGURE 18
**MAXIMUM NUMBER OF HOUSING UNITS TO BE
 CONSTRUCTED AND CONSERVED, 1984 - 1989**

	Very Low	Low	Moderate	Above Moderate
Single Unit Infill			25	110
Multiple Units in Medium Density Areas		15	45	
Second Units	5	5		
P-D				200
Mixed Use	20	10		
Area for Policy Review	25	25	25	
Conservation & Production:				
Rehabilitation			20	10
Redevelopment	10		20	
Total	60	55	135	320
Percentage of Identified Need being Met	43%	79%	112%	130%

IX. RELATIONSHIP OF ZONING AND PUBLIC FACILITIES TO RESIDENTIAL DEVELOPMENT

Zoning and Facilities. As previously discussed, existing zoning in Arroyo Grande is adequate to provide for the projected 1989 housing need. Most of the City's vacant residentially zoned land, however, is in difficult to develop areas, primarily due to slope, and is therefore less suitable for higher densities in conventional single-family subdivision-type development. Higher densities in these areas would be contingent on use of more creative housing types. Moreover, the majority of undeveloped land is without available infrastructure which necessarily limits any future development without great expense. Vacant infill parcels with infrastructure in place or contiguous to areas already served by utilities, are therefore most suitable for housing development affordable to low and moderate income consumers.

The Circulation Element of the City's General Plan theoretically sets forth a framework for a functional circulation system. The existing Circulation Element was adopted in 1975, and is therefore in need of revision. This is a priority in the work plan of the Planning Department for the 1985-86 fiscal year. Capital improvements to the City's road system are funded from gas tax revenues and federal aid. As a practical matter, most new road construction is completed as a result of zoning requirements or conditions of subdivision approval.

Arroyo Grande obtains its water from two sources: the Arroyo Grande Ground Water Basin and Lopez Reservoir. The City's present allocations of ground water and Lopez water will satisfy a population of 18,700 persons. The average cost of water to City residents is \$100.00 per year per household.

Arroyo Grande provides sewage collection services only; sewage treatment and disposal services are provided by South County Sanitation District from its facilities in Oceano. Long-range expansion plans, now underway, will be necessary to ensure sufficient treatment plant capacity in the future. Cost of sewer connections range from \$2,000 to \$3,500 per residential connection.

Annexation. The LAFCo recommendation for the Arroyo Grande sphere of service (0-10 year service area boundary) establishes it coterminous with existing City limits except for a minor addition of multi-family housing on South Halcyon Road. The city presently has the ability to provide service to this area. The city's sphere of influence (10-20 year boundary) as recommended by LAFCo includes those portions of the Arroyo Grande Fringe (6,450 acres immediately adjacent to the City's northeast boundary containing approximately 720 residences) most particularly affecting the City that are in need of City services. As services become available, e.g. new water sources, expanded sewage treatment capacity, and additional equipment and staff for police and fire protection, Arroyo Grande should, according to LAFCo, begin annexing and providing services to developed or developing areas of the Fringe most closely related to the City in terms of topography, roads, and drainage basins.

X. GOALS, POLICIES AND PROGRAMS

This Element has outlined the governmental and market constraints to housing development in Arroyo Grande, especially housing affordable to lower income residents. The Housing Element goals and policies establish the direction the City will take to mitigate these constraints and meet its housing needs. The programs are designed to enable the City to make a maximum effort to achieve its objectives and to provide a share of the regional housing needs of all economic segments.

The City recognizes that it will be unable to meet all of its identified needs within the five-year planning period of this Element. Housing affordable to low and very low income households, whose monthly rent or mortgage cannot exceed \$200 or \$300 (paying 33% of their income for housing) is virtually impossible for the private market to build without significant assistance. Housing generally costs much more per unit to build than the low and very low income household can afford to pay. Through the use of its authority, however, the City has the capability to create a regulatory climate which is favorable for residential development for all economic segments, while encouraging the private sector to participate with innovation and responsibility.

The goals, policies, and programs of this Element, therefore, propose to minimize the costs of development as much as possible to help the private market to provide an adequate supply of housing for all residents; to conserve the existing housing stock; to promote accessibility to housing opportunities; and to protect the attractive and livable character of the community.

Policies are organized in a general way under appropriate goals. Many programs would readily fit under several policies, since they address a variety of issues. The relationship of programs to policies, along with identification of implementing agencies, is shown in Figure 19.

Goals and Policies.

Goal 1

To assure an adequate supply of decent, affordable housing opportunities to meet the needs of residents of all economic groups and the City's share of the region's housing needs, while maintaining an economically sound, aesthetic, and healthful environment.

Policy 1 Take all practical, reasonable, feasible, and appropriate steps to increase home ownership opportunities, and encourage an adequate supply of sound rental housing in all price ranges.

Policy 2 Encourage the preservation of an equitable balance of affordable rental and owner-occupied housing throughout the community.

Policy 3 Encourage the use of private and public funding sources to stimulate production and conservation of affordable housing, with particular attention to rental housing.

Policy 4 Discourage conversion of rental forms of multiple family housing to condominiums or non-residential uses if the proposal significantly diminishes the present number of rental units within the City of Arroyo Grande or substantially reduces the ratio of ownership to rental units in effect at the time of the requested conversion.

Policy 5 Reduce, to the maximum extent feasible, government controls, requirements and restrictions, and economic constraints to the development of affordable housing; ensure that taxes and fees affecting housing are no greater than required in the public interest.

Policy 6 Give priority to processing of applications that provide low and moderate income housing, in order to reduce costs associated with waiting periods.

Policy 7 Modify density limits if necessary to promote development of affordable housing, and where such increase will not overburden public services, utilities, road systems, and will be in harmony with adjacent land uses.

Policy 8 Consider mechanisms for flexible application of density-related parameters such as height, bulk, lot coverage, number of units, open space, and parking requirements within existing densities, in order to increase opportunities for provision of affordable housing for all income groups while maintaining a high quality of life.

Policy 9 Allow density bonuses as provided by state law, in order to contribute to the economic feasibility of low-and-moderate income housing in proposed housing developments.

Policy 10 Maintain affordability of low-and-moderate-income units mandated by the City or financed with public funds.

Policy 11 Discourage the conversion of existing affordable housing units to market rate housing and to non-residential uses.

Policy 12 Consider innovative municipal and private sector programs and partnerships to promote the financing and development of housing for low-and-moderate-income households. Such measures may include but not be limited to the following:

- a. Requiring 10% - 25% of a project to be priced below market in exchange for a density bonus or other comparable financial incentive.
- b. Providing below market rate units through an equity sharing or interest subsidy program.
- c. Initiating a land banking program.
- d. Using CDBG or other funding for land write-downs, infrastructure, or other assistance to developers of affordable housing.

Policy 13 Support and cooperate with the efforts of non-profit housing development corporations and authorities involved in providing lower cost ownership and rental housing.

Policy 14 Encourage the development and use of innovative housing forms and production methods such as smaller units, "no frills," manufactured cooperatives, and self-help "sweat equity" housing.

Goal 2

To establish a community in which all people, regardless of age, race, sex, or marital status, ethnic background or physical handicap will have an equal opportunity to avail themselves of housing.

Policy 15 Support efforts of organizations which are working towards elimination of discrimination in housing matters in San Luis Obispo County.

Policy 16 Foster cooperation between government, the real estate industry, builders, financial institutions and special interest groups in development and use of creative solutions to housing problems.

Policy 17 Coordinate with County, State, and Federal governments, as well as private non-profit housing corporations, in administering programs to meet the special housing needs of large families, farm workers, the elderly, the handicapped, families with female heads of households, and people displaced as a result of public activities.

Policy 18 Ensure that information and assistance is provided in English and Spanish and other languages as necessary and feasible to persons and groups affected by and seeking solutions to housing issues and problems.

Goal 3

To establish and enforce effective guidelines and regulations for construction of safe, quality, and energy efficient housing, and for the maintenance and enhancement of existing housing and neighborhoods.

Policy 19 Maintain and where necessary, improve the City's housing health and safety code enforcement capabilities; code enforcement should occur within the context of concern for maintaining affordability and minimizing displacement.

Policy 20 Investigate and pursue, where appropriate and feasible, federal, state, and county funded programs available for expansion of rehabilitation activities.

Policy 21 Encourage and assist private non-profit housing and community development corporations to continue and expand housing conservation and rehabilitation programs.

Policy 22 Continue the high level of maintenance of public streets, right-of-ways, and recreation areas.

Policy 23 Promote energy conservation techniques and energy efficiency in building design, orientation, and construction.

Policy 24 Encourage the consolidation of small single-family lots in those areas which permit higher densities into larger parcels so that multiple family dwellings will gain more efficient use of space and aesthetic qualities through less restrictive design and greater use of open space.

Policy 25 Ensure that public projects are planned to minimize their impact on the livability and stability of established residential neighborhoods.

Policy 26 Encourage housing design and improvements which are aesthetically compatible with and complementary to the surrounding neighborhood.

Policy 27 Encourage maintenance of residential properties in a manner which enhances the character of Arroyo Grande.

Policy 28 Assist the preservation of architecturally and historically significant structures.

Goal 4

To promote optimum use of residential land near employment, shopping, transportation, social services, and other public services.

Policy 29. Consider allowing increased residential densities near employment and public service areas.

Policy 30. Review all proposed Land Use Element amendments that involve expansion of Office Professional, Highway Commercial, and Heavy Commercial-Light Industrial land use categories into established residential areas with consideration for avoiding conversion of housing resources to non-residential uses.

Policy 31. Consider housing as a conditional use in commercial zones, allowing mixed uses where compatible.

Goal 5

To implement Arroyo Grande's Housing Element for the attainment of state and local housing goals.

Policy 32 Provide adequate staffing to administer the adopted housing programs.

Policy 33 Consider formation of a local housing authority or a cooperative agreement with a County housing authority, if established.

Policy 34 Periodically review the Housing Element to assess the success of programs and progress towards realizing housing objectives.

Programs

A five-year time frame is established for the implementation of the City's housing program. However, target dates identified in Figure 19 are meant to serve only as guidelines, due to uncertainty of staffing levels and funds. Any programs identified in this Element that would require additional staffing or funding by the City or other agency must have such personnel and/or funds approved through the required budgetary process as fiscal resources permit.

PROGRAM 1: Continually monitor existing and proposed ordinance regulations, development requirements and processing procedures to assess their effects on availability and production costs of housing; recommend elimination or modification of those which have an adverse effect on housing costs without providing substantial public benefit.

PROGRAM 2: Actively promote development of affordable housing by amending the Zoning Ordinance to implement the density bonus provisions of AB 2099. (See Section VII Bonus Incentives). Include provisions to assure continued affordability of such units.

PROGRAM 3: Develop and adopt a zoning mechanism such as a "floating zone" to allow flexible application of such standards as height, bulk, lot coverage, minimum lot size, open space and parking requirements on sites developed with a minimum percentage of affordable housing units.

PROGRAM 4: Adopt a "mixed-use ordinance." Amend the Land Use Element and Zoning Ordinance to allow housing as a conditional use in the City's Office Professional, Highway Service and Central Business District commercial zones. Encourage developers to follow innovative design concepts to integrate, where appropriate, residential and non-residential uses.

PROGRAM 5: Conduct a review of existing and proposed federal, state, and local provisions and technical applications for solar heating, cooling, solar access and of energy efficient construction, retrofitting and other energy conservation techniques for housing; establish regulations for such matters as needed. The relationship between energy conservation and its impact on housing costs will be considered to ensure that selected programs will not reduce the supply of affordable housing.

PROGRAM 6: Amend the General Plan Land Use Element to reflect higher densities as needed and appropriate near employment and public service areas.

PROGRAM 7: Amend the Zoning Ordinance to allow as permitted uses and to set standards for, innovative housing forms such as smaller units, "least-cost" and manufactured (modular) housing. Include controls to maintain affordability and discourage speculation on such development.

PROGRAM 8: Seek sponsors to utilize State funds to develop a limited equity cooperative and/or low income rental housing project.

PROGRAM 9: Adopt an ordinance to prohibit demolition or conversion of multi-family residential dwelling units to market rate condominiums or cooperatives or to non-residential uses, unless provisions are made for replacement. This requirement shall not apply if a finding is made that replacement of all or a portion of the units is not feasible, nor shall such requirement apply if immediate demolition is necessitated by documented health and safety defects.

PROGRAM 10: Identify appropriate sites for affordable housing.

PROGRAM 11: Review, as part of the General Plan Land Use Element Revision process, all vacant and uncommitted commercial and industrial lands to determine suitability for reclassification as medium to high density residential.

PROGRAM 12: Make an annual review of surplus public lands, including school and hospital sites, for availability and suitability for residential uses.

PROGRAM 13: Continue strict enforcement of housing, electrical, fire prevention, health and safety codes.

PROGRAM 14: Develop a computer-based program for enforcement of permit requirements. The program should be designed to record permit approval conditions with an effective follow-through mechanism.

PROGRAM 15: Develop and adopt design review criteria for the Architectural Review Board to promote clarity and expediency in architectural review and to assist developers in preparing their plans and proposals to meet ARB requirements.

PROGRAM 16: Revise the Circulation Element of the General Plan. Considerations should include mitigation of potential impacts of Housing Element programs on circulation and transportation systems; and promotion of access to housing without increased automobile congestion, automobile dependence and mobility costs.

PROGRAM 17: Monitor and review annually the five-year capital improvements in residential neighborhoods. Review of the improvements plan should include verification that areas needing improvement are scheduled for funding to address needs.

PROGRAM 18: Amend the subdivision ordinance to require as a condition of approval on all tentative subdivision maps that the Conditions, Covenants, and Restrictions prohibit arbitrary discrimination.

PROGRAM 19: Develop a procedure to facilitate the provision of emergency housing through the involvement of appropriate public and private sector agencies as designated by the City Council.

PROGRAM 20: Adopt an ordinance requiring that both tenants and property owners receive notice concerning significant land development matters.

PROGRAM 21: Investigate establishment of a cooperative agreement with a County housing authority, if enacted, or enactment of local housing authority powers and formation of a joint powers agreement with the San Luis Obispo City Housing Authority, for purposes of developing affordable housing, as well as coordination of other policies and programs of the Housing Element. Through such coordination staff could be made available to administer housing programs and activities such as information dissemination, rehabilitation programs, grant administration, and arrangement of financing programs to be used in conjunction with regulatory measures to assist housing developers. (For example, such a development package might include bond financing, tax exempt mortgages and interest subsidies, a HODAG new construction grant, and deep subsidy through Community Development Block Grant funds) and City-granted density bonuses.

PROGRAM 22: Actively promote development of housing affordable to all income groups in Arroyo Grande by enlisting the cooperation of private developers in considering and implementing the policies and programs of the Housing Element. Require developers to review and consider the Housing Element policies and programs upon application, and to provide documentation when not in compliance.

PROGRAM 23: Conduct an annual housing program review as part of the municipal budget process to assess the City's progress in implementing the policies and programs of the Housing Element; and to identify plans and activities to be carried out and/or coordinated with other agencies and organizations during the following year.

FIGURE 19
PROJECT IMPLEMENTATION (1984 - 1989)

SUMMARY OF HOUSING ELEMENT PROGRAMS AND POLICIES

SUMMARY OF HOUSING ELEMENT PROGRAMS AND POLICIES			
PROGRAM	POLICIES ADDRESSED	IMPLEMENTING AGENCIES	TIME FRAME
1	1,2,4,5,6,7,8,9,12,16,19,20,23,24, 29,31,34	Planning and Building Depts.;	On-Going
2	1,3,7,9,10,11,16,32	Planning Dept.	FY 1984-85
3	1,2,3,5,7,8,12,14,16,23,24,25, 26,29,30,31	Planning Dept.	FY 1984-85
4	1,2,3,5,7,8,11,12,14,16,23,26, 29,30,31	Planning Dept.	FY 1984-85
5	1,3,5,12,14,16,20,21,23,26,	Planning and Building Depts.	On-Going
6	1,5,7,9,11,24,29,30	Planning Dept.	FY 1985-86
7	1,2,3,5,7,8,10,14,16,23,24,26	Planning Dept.	FY 1984-85
8	1,2,3,10,12,13,16,17,33	Planning Dept., City Manager	FY 1985-86
9	1,2,4,10,11,21,28,30	Planning Dept.	FY 1985-86
10	1,13,14,16,17,24,30	Planning Dept.	On-Going
11	1,2,3,5,7,13,29,30	Planning Dept.	FY 1985-86

FIGURE 19 (Cont.)

PROGRAM	POLICIES ADDRESSED	IMPLEMENTING AGENCIES	TIME FRAME
12	1,2,3,5,12,13,14,16,25,26, 28,29,31	Planning Dept.; City Manager	On-Going
13	1,2,3,16,19,21,22,23,26,27,28	Building Dept.	On-Going
14	4,16,19,23,26,27,28	Planning, Building and Water Depts.; City Manager	FY 1985-86
15	7,8,14,16,22,23,25,26,27, 28,31	Planning Dept.	FY 1984-85
16	3,5,7,22,23,24,25,26,27,28,29, 30,31	Planning and Public Works Depts.	FY 1986-87
17	3,5,10,12,16,17,20,22,25,28,34	Planning and Public Works Depts.; City Manager	Annual Budget Preparation
18	15,16,17,18	Planning Dept.; City Attorney	FY 1984-85
19	10,12,16,17,18,20,25,33	Planning Dept.; City Manager; City Attorney	FY 1985-86
20	1,2,3,11,13,15,16,17,18,25, 27,28,30	Planning Dept.	FY 1984-85
21	1,2,3,5,10,12,13,14,16,17,20,21, 32,33	Planning Dept.; City Manager; City Attorney	FY 1984-85
22	1,2,3,4,12,14,15,16,23,24, 26,27,28,30	Planning Dept.; City Manager; City Attorney	On-Going
23	1,3,5,12,13,16,17,19,20,25,32,34	Planning Dept.; City Manager;	Annual Budget Preparation

PROJECT STAFF

Arroyo Grande Planning Department

Stanley A. Eisner, Director
Linda Stonier, Project Director

Special Assistance

John Richardson, Chief Building Inspector
Avelino Lampitoc, Associate Engineer
Christina Calora, Public Works Planning Technician



RESOLUTION NO. 84-992

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ARROYO GRANDE RECOMMENDING TO THE CITY COUNCIL ADOPTION OF THE REVISED HOUSING ELEMENT OF THE GENERAL PLAN IN ACCORDANCE WITH ARTICLE 10.6, SECTION 65580 (ET.SEQ.) OF THE CALIFORNIA GOVERNMENT CODE.

WHEREAS, the Housing Element is one of nine mandatory elements of the General Plan mandated by Government Code Section 65302(c); and

WHEREAS, the City of Arroyo Grande did last adopt an amended Housing Element in August 1975; and

WHEREAS, the City is required by Article 10.6 (commencing with Section 65580) of the Government Code to bring its Housing Element into conformance with the provisions of same; and

WHEREAS, the legislature recognizes "That each locality is best capable of determining what efforts are required by it to contribute to the attainment of the State housing goal, provided such a determination is compatible with the State housing goal and regional housing needs." (Sec. 65581(d); and

WHEREAS, the City has undertaken to prepare a revised Housing Element in conformance with the provisions of Government Code Sec. 65580 (et.seq.) and in consideration of the community's economic, environmental, social and fiscal factors and community goals as set forth in the General Plan; and

WHEREAS, the Planning Commission has reviewed and considered such revised Housing Element at two study sessions held January 31, 1984 and April 26, 1984, and did solicit public comment upon such proposed revised Housing Element at a duly noticed Public Hearing May 1, 1984.

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Arroyo Grande does hereby recommend to the City Council adoption of the revised Housing Element as amended, which is in accordance with the provisions of Article 10.6, Section 65580 (et. seq.)

On motion by Commissioner Fischer, seconded by Commissioner Moots, and by the following roll call vote, to wit:

AYES: Commissioners Benhardt, Fischer, Moore, Moots, Olsen and Chairman Gerrish

NOES: None

ABSENT: Commissioner Carr

the foregoing Resolution was adopted this 15th day of May 1984.

ATTEST: Pearl L. Skinner
Secretary

Chairman

RESOLUTION NO. 1768

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE ADOPTING THE REVISED HOUSING ELEMENT OF THE GENERAL PLAN IN ACCORDANCE WITH ARTICLE 10.6, SECTION 65580 ET. SEQ. OF THE CALIFORNIA GOVERNMENT CODE.

WHEREAS, the Housing Element is one of nine mandatory elements of the General Plan mandated by Government Code Section 65302(c); and

WHEREAS, the City of Arroyo Grande did last adopt an amended Housing Element in August 1975; and

WHEREAS, the City is required by Article 10.6 (commencing with Section 65580) of the Government Code to bring its Housing Element into conformance with the provisions of same; and

WHEREAS, the legislature recognizes "That each locality is best capable of determining what efforts are required by it to contribute to the attainment of the State housing goal, provided such a determination is compatible with the State housing goal and regional housing needs." (Section 65581(d)); and

WHEREAS, the City has undertaken to prepare a revised Housing Element in conformance with the provisions of Government Code Section 65580 et seq., and in consideration of the community's economic, environmental, social and fiscal factors and community goals as set forth in the General Plan; and

WHEREAS, the Planning Commission has reviewed and considered such revised Housing Element at two study sessions held January 31, 1984, and April 26, 1984, and did solicit public comment upon such proposed revised Housing Element at a duly noticed Public Hearing May 1, 1984; and did recommend to the City Council adoption of such revised Housing Element; and

WHEREAS, the City Council did review and consider such proposed revised Housing Element and did solicit public comment at a duly advertised Public Hearing on June 12, 1984;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Arroyo Grande does hereby adopt the revised Housing Element as amended, which is in accordance with the provisions of Article 10.6, Section 65580 et. seq.

On motion of Council Member Vandever, seconded by Council Member Hogan, and on the following roll call vote, to wit:

AYES: Councilmen Gallagher, Hogan, Millis and Vandever
NOES: None
ABSENT: Mayor Smith

the foregoing Resolution was passed and adopted the 12th day of June 1984.

ATTEST:

Virginia Hulsey
DEPUTY CITY CLERK

B. Ann Smith
MAYOR

U.C. BERKELEY LIBRARIES



C124890233

